

Motivational factors of ready made garments



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Compensation package is an important issue for the employee in an organisation. Every organisation should have fair judgment for determining compensation and he need to follow a system to determining compensation system. If an organization is failed to do so it is badly effecting to the employee and causes dissatisfaction of the job. My aim is to critically analyse the compensation system, like factors determining compensation and method of determine compensation packages where organization can not discriminate or unfair treated to the operator's contribution. Here I am also focuses on factors increases the turnover and absenteeism rates which are the main barrier of organizations success. There are inter-connection with compensation, absenteeism and labour turnover, all are linked with each other. Because of unfair compensation system leads to employee's dissatisfaction that leads to increases absenteeism and turnover. So, a good compensation package is the best way to motivates employees and it is the secret of organizational success.

Introduction:

The main purpose of this project is to describe about compensation packages and factors influencing in this packages. And also discuss the impact of staff turnover and the employee absenteeism ratio which effecting the organisational productivity.

Bangladesh is a developing country. According to UNDP's Human Development Report 2007/2008 Bangladesh's rank is 140th out of 177 countries. In Bangladesh, 40% of total population lives below the poverty line. In other report of Bangladesh Garments Manufacturer and Exporters Association (BGMEA), 2007 it shows that garments sector provides maximum

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export (76%) of total export in Bangladesh and 1. 7% of total population of Bangladesh is working in Garments industries. Ready made garments exports mainly are doing in the European market & US market. The ratios of exports are 49% to European Market, 33% to the US market & rest (18%) to other countries. In a report shows that due to a strong demand for skilled labour combined with insufficient wage and discontinuity of payment, dissatisfaction of job, bad attitude in job etc. there is high level of migration of workers between factory to factory, and the average turnover is around 20% and absenteeism ratio is also increasing.

Methodology: - Secondary data is the main source of data of this project. I collected information from internet, journal about Bangladesh labour issue, some local magazine and newspaper, and books of human resource management. This project is based on exploratory research. I share my personal experience in based on my previous work.

Literature Review:

Due to problematic nature of pay system Brown (1989) describes that the reasonable management of compensation is necessary for the involvement of the adequate management, it is not prerequisite to be satisfy. (Bratton & Gold, 2007)

Bird and Beechler (1995) cited in Briscoe & Schuller (2008) established that employee performance (e. g. morale and turnover rate) in firms that successfully adopted the strategic fit concept was significantly better than in firms that did not do so. Although managerial performance (e. g. profit margin and sales) was also better, the difference was not significant. The

concept of “ fit” refers mainly to the close linkage of HRM strategies and business strategies in ways that will help retain and motivate employees. Yes it is very good point retain and motivation of employee, as because every organisation aim is finding way to keep there employees. Motivation is one of them; it can be two type’s money and appraising employee. In most of the case money is main motivational factor for the employee especially in Bangladesh. The reason why money is the main factor then we can see from table 1 about the monthly income of average employee is low and there life status is not much standard based on there income and expenses. So they always looking for better opportunity when ever they got good offer from other company they migrate or switch the company.

Labour turnover: Some consultants, academics and management gurus states that ‘ There are no longer any jobs for life...[3]’ Torrington et al. (2002) argued about the impact of staff turnover rates is depends on the organization to organisaiton. In some organization is successful in business with high turnover rates which are impractical to function in other sector due to the different in operation and difficult to replace skill workers. For example in some chains of fast food restaurants are generally managing business and become successful with turnover rates in excess of 300 percent that means standard occupancy for each employee is only four months (Ritzer 1996; Cappelli 2000). On the other hand, in a professional service organization where personal relation is more important between employees and clients to organizational success, it is badly hampered to the organization if the turnover rates are excess of 10 percent.

Bevan (1991) cited on Bratton & Gold (2007) indicates several causes for high staff turnover. He identified that pay is not only the reason for staff turnover and there are some other factors works on that issue. They are follows:

Employee expectation: The employee's expectations are not matching with the job such as bonus, benefits, holidays and etc (Torrington et al 2002). That factors causes dissatisfaction of job. It is more likely happened with the new employee's of the organization.

A lack of attention: Employee's are found that managers are not giving attention to them and they are not providing supporting training to develop themselves. For that reason they are not well perform in the job.

Work environment: Work environment is not friendly with the employee such as lack of freedom in work, limited responsibility, no challenging environment and there are no innovative works within the organization.

Appraisal system: Some organization doesn't have the proffer evaluation systems. So employees are disappointing with the unfair promotion and worried about the development opportunities system.

Management system: Due to unskilled management and their unfair treatment with the employees and lack of knowledge of how to motivate employee. Gregg and Wadsworth (1999) cited in Torrington et al. (2002) demonstrate in their study of 870, 000 workers starting new jobs in 1992 out of that 17 per cent had left within three months and 42 per cent within 12 months.

According to Armstrong, M (2003) analyses the reason for employee turnover and he identified several reasons to quitting from job such as more pay from other company, better career prospects, more job security, more opportunity to develop skills, better working conditions, poor relationships with manager or supervisor, poor relationship with colleagues, bullying or harassment in workplace, and personal reason like pregnancy, illness, moving away form area etc. From the above reason to resolve personal reason is beyond management control but other all reason management can do further analysis to do better for employee satisfaction. Armstrong, M. (2003) derive some action plan for low employee turnover for example better employee remuneration packages for employees', give more opportunity for professional development, training and careers, enhanced future employability because of the position of the organization as one that occupies and build ups high quality people, as well as the learning chances it provides, employment conditions which deal with work-life balance issues by, such as flexible working hours and planning to give more over time and leave policies, and as long as child care facilities or vouchers to meet the personal needs with family responsibilities, organization need to arrange better amenities and opportunity for skill workers, for example transportation, provident fund, production bonus etc. facilities.

Ogbonna and Wilkinson, 1988, 1990 cited on Legge, K.(1995) argued that resigned behavioural compliance is contrasted favourably with commitment (psychological contract) which is seen as characteristic of employment relationships under conventional personnel management. On that argument it is clear to present in work is fully depend on employee commitment in

workplace. And lack of commitment means not satisfied with job which leads to absenteeism and turnover. Moreover, Guest (1992a) cited on Legge, K. (1995) argues that McGee and Ford's (1987) result get the reasons to emotional commitment being connected to effort at the same time as continuation commitment to low labour turnover.

Taplin et al (2003) cited on Marchington, M. & Wilkinson, A (2007) found a turnover rate of 26.5 per cent in their study of clothing industry, with 45 per cent leaving during the first three months of their employment and only one-third lasting beyond a year. The problem was most marked at smaller workplaces. Overall, they concluded that unless firms in this sector could find 'ways of incorporating workers into new routines and remunerating them appropriately they will continue to be plagued by issues such as turnover as workers seek alternative employment'.

Two measures are typically used to calculate rates of labour turnover. First is the wastage rate, which divides the number of staff leaving in a given period by the number of staff employed overall; the formula is presented in below both the numerator and the divisor can include different elements and be applied to different departments in the organization. For example, leavers may refer solely to those who quit voluntarily, or it can include those made redundant, those at the end of fixed-term contracts or those dismissed, each of which inflates the numerator. The divisor can be calculated on the basis of the two figures, because comparisons of raw data are inevitably complicated by this, it is essential to know the basis on which the statistics were derived before making comparisons. Exit interviews may shed some light on the problem but people are often unwilling to provide an honest answer to

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explain their resignation. A more serious problem with these indices, however, is that they do not differentiate between leavers in terms of their length of service grade of gender. As Morrell et al (2001) note, ' this is because any single-figure measure of turnover will be inadequate in so far as it treats all those who leave as homogenous group'. The second measure is the stability index.

Wastage rate = number of staff leaving in year/average number employed in year *100

Stability rate = Number of staff with at least one year's service at date/number of staff employed exactly one year before*100

However Marchington, M. & Wilkinson, A (2007) in a study of CIPD finds that labour turnover rates vary significantly between industry sector and occupational group, as do the costs of recruitment. Most employers say they collect statistics on labour turnover, not without incurring sizeable problems to do with lack of data or software issues (IRS Employment review 793b 2004). Many also conduct exit interviews, but both of these tasks are generally undertaken by HR department rather than line managers. The information is used to improve HR practices such as communication, induction, learning and development and selection in an attempt to reduce turnover (CIPD 2004b, p31).

Perhaps the most problematic is that all cases of labour turnover are treated in the same way, with no allowances for the performance levels and potential of the employees who leave compared with who stay at the organization. Clearly, managers may be relatively happy if a poor performer

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were to leave, and there are suggestions that employers actually encourage turnover if future is uncertain so they do not end up 'carrying staff' (Smith et al 2004 cited on). On the other hand, if turnover was concentrated amongst high-flyers or those with vast amounts of experience and those who remained were all poor performers or lacked ambition, this could have serious consequences for the organization. However, if the objective is to trim back the workplace or reduce costs a high rate of labour turnover could actually be advantageous (Sadhev et al 1999 cited on); alternatively, employers may decide to use temporary employment agencies rather than recruit their own staff and so shift the problem somewhere else (Rubery et al 2004; Smith et al 2004 cited on). Another question is arises repeatedly is whether there is an optimum level of labour turnover, just sufficient to 'churn' the internal labour market and keep new recruits coming in, or whether the cost of turnover make most cases expensive and unwanted (Glebbeek and Bax 2004 cited on).

Marchington, M. & Wilkinson, A (2007) ' Human resource management at work: people management and development' London, CIPD.

According to Linda Maund (2001) some internal causes of an increasing labour turnover:

The recruitment and selection procedure is inadequate and incorrectly matches individuals to jobs. Employees will leave the organization in order to find jobs which better match their skills and interests.

Employees are not intrinsically motivated and feel that they are not being led in the direction that they think they, and the organization, should go. In

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this case, the employee will feel that s/he does not 'own' the organization and thus owes no loyalty to it. S/he will investigate promotional opportunities outside the organization and will lack any interest in how s/he might be able to contribute to the organization.

Non-equity in wages and salaries with competitors. If wages and salaries do not meet the levels of organizations in a similar business, the individuals will find employment where the rates are competitive or the rewards are better.

Some external causes of an increasing labour turnover:

There is competition for individuals with similar skills: Perhaps there are organizations in the same locality requiring similar skills of their employees and, therefore, there is competition for a scarce labour supply.

Improved transport infrastructure: With transport infrastructure and the rise in wages/salaries has come the ability for individuals to move away from local community to find work.

Negative result of a high labour turnover:

In order to be effective, recruitment and selection procedures can be expensive.

It is expensive to train and retrain.

The induction of new employees into the organization and the absorption of its culture and climate is time consuming.

New workers tend not to be as productive as the experienced skilled workers.////////

Saiyadain (2006) point out that ' I changed my previous job to this because it pays well...[4]'. So pay is the crucial issues for quitting job. According to Torrington et al. (2002) there is some argument in the retentions literature about raising pay levels reduces staff turnover. In one side some researcher found that usually, employers who offer the most attractive reward packages to the employees have lower turnover rates than those who pay poorly (Gomez-Mejia and Balkin 1992), for that reason many organization uses pay rates as their major weapon in retaining employee (Cappelli 2000; IRS 2000a; IRS 2000b cited on Torrington et al. 2002). On other research based on questionnaire suggests that pay is a good deal and less important than other factors in a decision to quit one's job (Bevan et al. 1997; Hiltrop 1999 cited on Torrington et al. 2002). In a study Sturges and Guest (1999) cited on Torrington et al. (2002) point out that in the field of graduate employment pay rising is not vital factors for quitting job that only resulting greater job satisfactions but they wants more challenges and innovation within the job roles.

In addition, a result of research cited on Torrington et al. (2002) appears to verify the views of Herzberg (1996) where he indicates pay as ' hygiene factor' rather than a motivator. Therefore it shows as a cause of dissatisfaction at work, other than not of positive job satisfaction. People who are not get paid well by the employer they automatically motivated to leave the job but if they satisfy about their pay, the additional benefits do not effect to change their mind to quit job.

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Absenteeism: In everyday life employees need a little extra effort to come to work in an emergency. A little little problem makes a tremendous impact on work attendance such as problem with bicycle, a drizzle, a small tiff with spouse and several such types of incident. But it depends on satisfaction or dissatisfaction of work and for the dissatisfied worker these minor problems becomes the major issues for missing from work on the other hand for the satisfied worker is totally irrelevant. However, it causes extra cost to cover this situation. An organization has to recruit extra manpower or retaining large number of manpower as they required due to the increasing rates of the fact of absenteeism. Bhatia and Valecha (1978) cited on Saiyadain (2006) defines that organization has to retain extra 10 per cent workforce of the total workforce.

However, there are several definition of absenteeism are available and most of them are describes ' absenteeism as absence from work when one is expected to work'. Absence from work could be happened several reasons such as inability or unwillingness to come to the works. Any absence with prior notice or approval did not count as absenteeism only unexpected sickness or injury is counted as absent.

Harris, L cited on Towers, B. (2003) points out that absence is a responsive area of human resource management which lifts possible disagreements between control and care for the individual. He also argued that stress in workplace can play a significant role of employee absence. Studies in both the UK and the UD of Bailey (1998) cited on Towers, B. (2003) found that half per cent age of total annual absence is linked to stress related illness. In a survey about the causes of sickness absence of CIPD (2001) report identify <https://assignbuster.com/motivational-factors-of-ready-made-garments/>

that stress-related illness as the causes of sickness absence far more frequently by public sector organization. In other study of Labour Research Department (1999) identified workloads, long hours, shift work, job design and bullying as the main reason of stress-related illness.

Apart from the illness related absence IES report find out some reason which are influence employee to absence in workplace. They are discusses as follows:

Workplace factor, attitudinal and stress factors: //Evans and Palmer argue for a change in emphasis from managing absence to promoting attendance and suggest that the impact of the working environment on absenteeism means it can be viewed form a range of different perspective (Evans and Palmer, 1997) which influence the approach taken. One-third of the managers in the Indurtrial Society research identified low morale and a monotonous job as major causes of absence. Studies by Rhodes and Steers (1990) and Huczynski and Fitzpatrick (1989) similarly concluded that there is a relationship between low job satisfaction and lack of involvement and higher level of absence. Labour Force data survey data in 2002 identifies a 3. 5 per cent absence rate for full time employees compared to 2. 8 per cent for those working part-time (Barham and Leonard, 2002) Moreover, A rarely mentioned consideration in studies of attendance is that employees may be exercising a form of ' retributive justice' by taking time off. This may occur when an employee feels exploited due to poor pay, working conditions or an unacceptable style of management and absence is viewed as a means of redressing the balance in the employment relationship. (Towers, B., 2003)//

Domestic and kinship factors: //The Industrial Society reported women's family responsibilities as the third most likely causes of absence. The higher absence levels for women are explained by the gender differences in domestic roles and the availability of childcare facilities (Hendrix, Spencer and Gibson, 1994 cited on Towers, B., 2003). Female absence falls as the age of dependent children rises but, with an ageing population, a growing issues is employees' caring responsibilities for their elderly relatives and how these are distributed between the genders.//

Health and lifestyle factors: Studies of absenteeism reveal a link between lifestyle and attendance at work. If healthier lifestyles reduce sickness absence, employers can benefit from an investment in programs promoting employee health. (Towers, B., 2003)

Moreover, According to Sinha and Nair (1965) cited on Saiyadain (2006) study on absenteeism shows that the lower job satisfaction is causes the higher rates of absenteeism. They classified their research based on respondents in two groups as low absentee and high absentee group. Their result also points out that low absence groups are more satisfy with their job than the high absence group.

Case study: Pacific Jeans Ltd. is one of the leading garment industries in Bangladesh. They are working with world renowned buyers like GAP, H&M, NEXT, Lee, Wrangler etc. This company introduced modern technology with high-tech machine which is ensured high quality product and increases there production upto 20% annually. Up to year 2004 they use to set compensation packages without any job evaluation process. They only were

taking the recommendation from manager to determine compensation of the employee. But that was not fair system and it was badly affected to the employee. Due to that unfair system operators turnover and absenteeism ratio was surprisingly increases where company loosing there productivity and efficiency. For finding the solution of that company introduces a new team whose duty is to find out the problem and give the best solution for that.

However, this team introduces operator ranking method of job evaluation like Tr. operator, Jr. operator, operator and Sr. operator where any have chance to go any categories with showing high performance. They also introduce process or operation classification method like ' A ' ' B ' ' C ' grades based on the difficulty of the operation. Therefore every operator was motivated himself to do good grades operation which helps him/her to promote themselves.

Moreover, the team finds out the solution about the new operator recruitment process which helps to select the best and necessary operator the team. They taking cycle time (cycle time is observed time of a process how long it takes to complete the operation) of operation (at least 10 cycle) with the help of stop watch which the operator knows best and calculate the capacity of the new operator with giving 10% - 20% allowance (for example bobbin change, needle broken, thread cut etc.) based on the operation categories (see appendix I). Based on his/her capacity and doing which grades operation it can easily identify the ranking of operator and determine the compensation package. It is fair judgments system for the operator. So far that is best and fair way to evaluate the operator. As a result of fair

evaluation system and compensation packages operators are motivated to do best performance and reduces the absenteeism and turnover rates that lead to high job satisfaction to the employees.

Solution: Shift working:

Conclusion: Compensation is a crucial issue for the employee. If an employee is not well compensated for his contribution then s/he is not happy in his job. So it guides employees to increases absenteeism and turnover. There is a proverb that money is sweeter than honey. Every body in any organization is work for survival for the fittest especially in the developing country or poor country. From the analysis of compensation system it could see that how fair judgment effecting employee's mind and motivate the employee's which turn into satisfaction or dissatisfaction of job. Human Resource Management is playing a vital role in an organization to change all the factors by taking some necessary steps about employee's motivation. Finally it can say that good compensation packages for employee works as motivational factors in an organization while it reduces absenteeism and turnover rates in an organization on the other hand it also helps to increases company productivity.